

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 NSC-05 SS-15 STR-04

CEA-01 H-02 PA-01 PRS-01 INT-05 OES-03 FEA-01 AGR-05

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R 010804Z JUL 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 5005

INFO AMEMBASSY DAMASCUS

AMEMBASSY TEL AVIV

AMEMBASSY BEIRUT

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A

TAGS: EAID, JO, IZ

SUBJECT: JORDAN AND IRAQ STRENGTHEN ECONOMIC TIES

REF: AMMAN A-41

1. AN IRAQI DELEGATION LED BY MINISTER OF INDUSTRY AND MINERALS, TAHA AL JAZRAWI, AND INCLUDING IRAQ'S MINISTER OF ECONOMY, VISITED JORDAN JUNE 25-27. DELEGATION VISITED AQABA, MET WITH CROWN PRINCE WHILE TWO MINISTERS RECEIVED JORDAN STAT MEDAL, FIRST CLASS, FROM KING HUSSEIN. GOJ MINISTERS OF INDUSTRY AND TRADE, FINANCE AND TRANSPORT ACCEPTED INVITATION TO VISIT IRAQ, BUT DATE NOT SET.

2. IRAQI VISIT IS LATEST STEP IN STRENGTHENING ECONOMIC TIES BETWEEN IRAQ AND JORDAN. DURING STAY OF AN EARLIER GROUP (REPAIR),
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JORDAN AGREED TO ANNUAL MOVEMENT OF UP TO 300,000 TONS OF

IRAQ'S IMPORTS VIA AQABA. IRAQ RECENTLY OPENED OFFICE IN PORT TO HANDLE THESE TRANSIT SHIPMENTS. IN MAY JORDAN'S UNDERSECRETARY OF INDUSTRY AND TRADE HEADED DELEGATION TO SYRIA AND IRAQ. IN BOTH COUNTRIES GROUP DISCUSSED COMMERCIAL MATERS, SUCH AS NATIONAL TRADE CENTERS AND GOODS ELIGIBLE FOR DUTY FREE TREATMENT. JORDAN AGREED TO ALLOW AN UNSPECIFIED QUANTITY OF IRAQ'S EXPORTS TO MOVE VIA AQABA. ACCORDING TO THE UNDERSECRETARY, IRAQ IS INTERESTED IN EXPORTING SULPHUR THROUGH THE PORT.

3. HIGHLIGHT OF THE LATEST IRAQI VISIT IS SIGNING OF AN ECONOMIC AND TECHNICAL COOPERATION AGREEMENT. FROM JORDAN'S STAND-POINT, MOST IMPORTANT PART OF AGREEMENT IS IRAQI FINANCING FOR DEVELOPMENT PROJECTS HERE, ALTHOUGH AGREEMENT ALSO PROVIDES FOR EXPANDED TRADE AND TECHNICAL COOPERATION. ACCORDING TO MINISTER OF TRANSPORT, IRAQ EARLIER AGREED IN PRINCIPLE TO PROVIDE FINANCING FOR DEVELOPMENT ASSISTANCE TO JORDAN. LATEST AGREEMENT CONFIRMS IRAQI FINANCING FOR AT LEAST TWO PROJECT, EXPANSION OF GENERAL CARGO PORT IN AQABA AND CONSTRUCTION OF MORE DIRECT HIGHWAY LINK BETWEEN AQABA AND IRAQ.

4. IRAQ WILL PROVIDE LOAN OF JD 4 MILLION AT 2 PERCENT INTEREST FOR NEW 50 KILOMETER HIGHWAY FROM AZRAQ TO H-5 AND FOR WIDENING EXISTING HIGHWAY FROM H-5 TO IRAQ BORDER. NEW HIGHWAY FROM RUM JUNCTION TO RAS EN NAQB, TO BE BUILT WITH \$10 MILLION AID LOAN , WILL ALSO EASE TRAVEL FROM AQABA TO IRAQ.

5. IRAQ AGREED TO PROVIDE AN INTEREST FREE LOAN OF UP TO JD 7 MILLION FOR CONSTRUCTION OF FOUR NEW BERTHS IN AQABA PORT.

6. U.S. CONSULTING FIRM, NOW COMPLETING STUDY OF GENERAL CARGO PORT IN AQABA, WILL RECOMMEND INCREASING THE PROSENT IMPORT CAPACITY OF PORT FROM 600-800,000 TONS ANNUALLY TO 1.8 MILLION TONS BY 1985. THIS WILL BE ACCOMPLISHED BY BUILDING SIX NEW BERTHS AND ADDING CARGO HANDLING FACILITIES.

7. IRAQI FINANCING FOR THESE PROJECTS SEEMS TO BE MUTUALLY BENEFICIAL. BESIDES CEMENTING POLITICAL TIES, IRAQ GAINS LIMITED OFFICIAL USE

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ALTERNATIVEPORT, WHILE NEW TRANSIT TRAFFIC COULD BECOME AN IMPORTANT SOURCE OF INCOME FOR JORDAN. AMERICAN CONSULTANT IS FEARFUL, HOWEVER, THAT CARGO PORT EXPANSION AND HIGHWAY BUILDING WILL RESULT IN SERIOUS SHORTAGE OF CONSTRUCTION WORKERS. HE SEES OTHER PROJECTS PLANNED FOR AQABA (EXPANSION OF PHOSPHATE PORT, NEW TOURISM FACILITIES AND FERTILIZER PLANT) AS MORE IMPORTANT THAN TRANSIT TRADE TO JORDAN'S ECOMONIC DEVELOPMENT. PICKERING

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, IMPORTS, EXPORTS, ECONOMIC COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 01 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975AMMAN04417
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750227-0835
From: AMMAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750793/aaaadfix.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 AMMAN A-41
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by KelleyW0>; APPROVED <28 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JORDAN AND IRAQ STRENGTHEN ECONOMIC TIES
TAGS: EAID, JO, IZ
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006